



City of Gahanna, Ohio

Request for Proposals

Depository and Banking Services for Active Deposits

I. GENERAL BACKGROUND

The City of Gahanna (the “City”) is soliciting SEALED proposals from commercial banking institutions (the “bank”) that maintain an office in Gahanna, Ohio and who possess the capability and expertise to provide the specified services pertaining to the City’s necessary depository and various other banking services for the City operations. The purpose of this process is to identify the bank that can offer the highest quality service at the lowest cost.

The selected institution(s) shall be designated as an approved depository for the City’s active funds for a term of three years commencing January 1, 2013 (with an option at the City’s discretion for two (2) additional one (1) year periods). Prices proposed will be deemed to be effective for the entire term of the agreement unless explicitly stated otherwise in the proposal.

Gahanna is a home-rule municipality located within Franklin County in central Ohio. The City is governed by the laws of Ohio and the City’s charter and codified ordinances. Gahanna has a diverse population of over 33,000 and a diversified and resilient economy.

This RFP, including exhibits, is available in electronic format online at www.gahanna.gov/finance or by contacting Jennifer Teal, Finance Director, at (614)342-4060 or by e-mail at jennifer.teal@gahanna.gov

II. REQUIRED QUALIFICATIONS OF FINANCIAL INSTITUTIONS

For a proposal to this RFP to be considered and evaluated, a financial institution must:

- Maintain a local branch within the City of Gahanna corporation limits.
- Be insured by the Federal Deposit Insurance Corporation (FDIC).

City of Gahanna, Ohio

Request for Proposal for Banking Services

- Be able to provide the collateralization of deposits as required by State of Ohio statute and the City of Gahanna investment policy.
- Be eligible to be a depository of the City's public funds pursuant to Ohio Revised Code Chapter 135: Uniform Depository Act and the City's Investment Policy. The financial institution will be required to submit a statement on letterhead that they have read and understand the City's investment policy (See Addendum beginning on Page 14). Once selected, the financial institution must enter into a depository agreement with the City.

III. PROPOSAL SCHEDULE

Distribution of requests and publications	September 4, 2012
Discussion and Question Conference	September 18, 2012 at 1 p.m..
Proposals due at Noon	September 28, 2012
Evaluation/Interview period	October 1 – October 26, 2012 (Estimated)
Award of Contract	October 29, 2012 (Estimated)
Expected implementation period	October 30 – December 31, 2012

IV. DISCUSSION AND QUESTION CONFERENCE

The City has scheduled an optional discussion and question conference in order to ensure that responses meet the RFP requirements. The conference will be held on Tuesday, September 18, 2012 at 1 p.m. in the Council chambers at the Gahanna City Hall. Requests for information and questions may be submitted in writing prior to the meeting to:

Jennifer Teal, Finance Director
200 South Hamilton Road
Gahanna, OH 43230
E-mail address jennifer.teal@gahanna.gov
Fax (614)342-4167

V. REQUIRED FORMAT OF PROPOSAL

All proposals must be submitted in the following format in order to expedite the review and selection process.

1. Cover Letter
2. Table of Contents

City of Gahanna, Ohio

Request for Proposal for Banking Services

3. Background of Financial Institution, Board of Directors and Executive Management Team
4. Local Staff Qualifications and Experience
5. Required Banking Services
6. Implementation Schedule
7. References
8. Additional Banking Services
9. Other Value Added Banking Services
10. Statement of Compliance
11. Banking Services Bid Forms
 - Exhibit A – Required Banking Services
 - Exhibit B – Optional Banking Services
 - Exhibit C – Other Value Added Banking Services
12. Examples
 - a. Bank Statement
 - b. Analysis Statement
 - c. Historical Interest Rates and Rate Index
 - d. Historical Earnings Credit Rate and Compensating Balance
 - e. Applicable Reports
 - f. Financial Statements
 - g. Bank agreements relevant to the proposal
 - h. Treasury Management Services & Credit Card Acceptance terms and conditions

Detailed below is a brief description for each of the above requirements to assist with the content of each topic.

1. Cover Letter –
 - This section requires the name and address of the local financial institution, and the names, addresses and direct telephone number of staff members who are authorized to respond to operational, pricing and technical questions. An individual who is authorized to bind the financial institution must sign the cover letter.
 - Enclose a current copy of the applicable board of directors' resolution authorizing the signer to bind the financial institution on these matters.
2. Table of Contents – Index of proposal contents, Banking Services Bid Forms and examples.
3. Background of Financial Institution, Board of Directors and Executive Management Team –
 - The background of the financial institution should include the name and principal address of the bank and holding company, if applicable.
 - Indicate if the local office operates independently of the holding company, if applicable.
 - List the names and businesses of the board of directors of the financial institution and the holding company, and the local board, if applicable.

City of Gahanna, Ohio

Request for Proposal for Banking Services

- List the names of the executive management team of the principal office of the financial institution.
 - Provide detailed information that speaks to the overall financial strength of the institution, including credit rating from a recognized credit rating agency (e.g. Moody's, S&P, etc.), rating information from a recognized bank rating agency (e.g. Veribanc, Highline, etc.), capital ratios, asset quality, earnings, liquidity, sensitivity to market risk, deposits and loans.
 - Provide a copy of financial statements from the past two fiscal years.
4. Local Staff Qualifications and Experience –
- Detail local staff members who will service the City of Gahanna. Provide the names, authorized titles and length of service with financial institution in present area of responsibility, and experience serving Ohio public entities as the primary local account officer.
 - Include all banking services and products performed by the local banking offices.
 - Differentiate between branch and public funds officer services.
5. Required Banking Services – A brief and concise description of each required banking service (See Section VI) with statement of compliance included in the proposal for banking services. Do not include any banking services in this section that are not detailed in Section VI, all of which will be required in the City's Banking Services agreement.
- Proposing financial institutions must submit a completed Exhibit A with the proposal, showing all fees related to these services provided.
6. Implementation Schedule – Include a detailed implementation schedule for all required banking services.
7. References –
- Provide a minimum of three (3) public entities that have been customers for a minimum of three (3) years. Include the name of the public entity, contact, local telephone number and listing of banking services provided each entity.
 - Indicate the length of time serving each public entity by the local primary account offices.
8. Additional Banking Services – Detail additional banking services (See Section VII) and other data that will benefit the City of Gahanna. Be brief and concise in presenting the data. Service charges and related fees are to be detailed in Exhibit B – Banking Services Bid Form for Additional Banking Services. The City requests the proposing financial institutions to offer any additional services or make any recommendations it believes would enhance the cash management capabilities of the City.
9. Other Value Added Banking Services - Detail other value added banking services and other data that will benefit the City of Gahanna. Be brief and concise in presenting the

City of Gahanna, Ohio

Request for Proposal for Banking Services

information. Related service charges are to be detailed in Exhibit C – Banking Services Bid Form for Other Value Added Banking Services.

All proposing financial institutions are encouraged to make suggestions or include additional information not requested in this proposal. Financial institutions are encouraged to describe factors that distinguish their institution from potential competitors. The City may elect to use some or all of the additional or value added services, but not necessarily with the primary operating financial institution.

10. Statement of Compliance – Provide a formal statement on financial institution letterhead, signed by the individual who will be responsible for compliance, that he or she has read and understands the City of Gahanna’s Investment Policy which is included as an Addendum to this RFP.
11. Banking Services Bid Forms – Detail price per item of banking service charges, monthly minimum fees, if applicable, and monthly maintenance fees. For Exhibit A, failure to include a fee for a banking service will indicate that a portion of the banking service will NOT incur a fee. It is the responsibility of the financial institution and the designated account liaison to include ALL service charge fees under the appropriate banking service. If the fees are not fixed, disclosure of price adjustments (method of computation and maximum adjustment allowed) for future years must be made.
12. Examples as required.

VI. REQUIRED BANKING SERVICES

Account Structure and Monthly Statements

The City currently operates the following public funds banking accounts, and requires an account structure that meets the needs outlined below. The City requires a monthly bank statement on each account to be received no later than the fifth business day following the end of the month. The City requires access to electronic or internet statements, including a serial listing of the checks paid.

Operating Account

The majority of the City’s operations will flow through this account, including the deposit of revenues and accounts payable payments. The City will send and receive wire transfers and ACH transactions, write checks and make deposits to this account. This account is a DDA net checking account with an average collected balance of approximately \$1,200,000. Exhibit A proposals should be made accordingly. Alternative account structure recommendations should be included in Exhibit B.

City of Gahanna, Ohio

Request for Proposal for Banking Services

Payroll Account

The City will require a separate DDA checking account for processing bi-weekly payroll direct deposits for between 150 and 350 employees depending on the season. The City has implemented a mandatory direct deposit policy, but still issues paper checks on an occasional basis. The selected financial institution must have the ability to provide employee payroll direct deposit services using ACH payments. This account is funded via an account transfer from the operating account in the amount of gross payroll. It operates on the City's books as a zero-balance account.

Workers Compensation Self-Insurance Fund Account

The City will require a separate DDA checking account for holding funds associated with the City's newly created Workers Compensation Self-Insurance Fund. This account is funded by account transfer from the operating account each pay period and is used to pay workers compensation claims and administrative expenses. Current average collected balance is approximately \$75,000 but that amount is expected to grow over time as the fund matures.

Returned Check Account

The City currently utilizes a separate returned check account to offset the negative impact of NSF transactions on the City's revenues. This account was initially funded by a small transfer from the operating account, and is routinely replenished with the proceeds from NSF collection efforts. The current average collected balance of this account is approximately \$3,000.

The bank service charges on the above accounts are currently processed through monthly account analysis, examples of which are included in Appendix A, with an earnings credit allowance given for compensating balances. A sample analysis statement from the incumbent financial institution is provided in the addenda. It provides information regarding estimated monthly volume of checks, deposits, wires, ACH transactions, etc. for the above accounts.

Please describe your institution's account analysis platform and provide a sample of the account analysis statement. Provide the historical earnings credit rate and the effective interest rates for the prior twelve months.

Account analysis statements must be received no later than the tenth business day following the end of the month. Electronic or internet statements are preferable. The City must be notified or receive confirmation via internet of all corrections including ACH credits and debits within forty-eight (48) hours.

Credit Card Acceptance

The City currently accepts credit cards as a form of payment for multiple departments including MasterCard, Visa, Discover and American Express. We currently operate in a

City of Gahanna, Ohio

Request for Proposal for Banking Services

card-present environment. Current volumes are indicated in the Merchant Services billing examples in Appendix B. Please discuss how your financial institution would provide credit card services, including all fees, set-up charges, etc. Please include a copy of your credit card merchant agreement.

The Financial Institution will be expected to provide the following Electronic Card Payment Services:

- Fast authorization and settlement of all VISA and MasterCard, private label and purchasing cards
- Reliable transaction processing
- Appropriate Payment Card Industry (PCI) data security standard compliance and liability
- Flexible settlement and reporting options
- Facilitation of cost-effective equipment deployment and repair
- Merchant customer service and terminal support
- Secure transaction processing for merchant and customer protection
- Commerce-enable to Web site (not currently utilized, but desired)
- Competitive, low discount rates based on average MasterCard and Visa sale(s) volume
- Electronic credit card deposits into the operating account
- Availability and service of local credit card center

Electronic Vendor Payments

The City pays some of its vendors electronically and is interested in transitioning the bulk of its accounts payable operations from live checks to ACH transactions. Please describe any electronic payment system your financial institution provides.

Online Treasury Management

Describe in detail your online communication capabilities for balance inquiry including immediate and delayed clearing balances, book transfer capabilities, item image retrieval, wire and ACH transfer initiation, stale dated check management, stop pay management and any other online information that is available to the City. In addition, please describe the training available and appropriate controls regarding the City accounts using online access. Finally, indicate the hardware/system requirements necessary to access online services.

State and Federal Withholding Tax

The City electronically remits deposit for federal and state withholding as part of the bi-weekly payroll process. Please describe the online remittance system your financial institution provides.

City of Gahanna, Ohio

Request for Proposal for Banking Services

Retail Lockbox

The City currently issues quarterly utility billing, which is collected through a retail lockbox system. The current lockbox provider creates a data file for payment processing based on coding from the bill stub. This data file is processed through the City's billing software (CommunityPlus) for batch payment posting. The City receives a CD-ROM monthly with images of all payments and coupons.

Estimated transaction quantities are currently 3,000 payments per month. In the response, please describe the bank's retail lockbox offering, including time and frequency of pickups, turnaround processing time, ability to provide images of remittance documents and checks online, acceptance and rejection criteria for payments, method of data transmissions and related technical specifications as well as treatment of exceptions.

Positive Pay

The City utilizes positive pay on both the Operating and Payroll Accounts. Please provide details regarding check fields available for verification, electronic file transmission requirements, approval process for exception items, and any other pertinent information necessary to implement a positive pay strategy.

Responding financial institutions should describe their systems. The City's positive pay program should be integrated with their bank teller operations to maximize controls. In the response, please describe the status of the online teller access.

Availability of Funds Deposited

The City desires to know the collected funds availability for its deposits. These deposits include checks, money orders, cash, ACH credits and wires from local, regional and out of state financial institutions. The City requires updates as the schedule changes. Also describe the latest daily deposit time for fastest availability on deposits.

Banking Supplies & Miscellaneous Services

The financial institution will need to provide deposit slips for our operating and payroll accounts. The City will also make frequent requests for change at the branch. Bank confirmation reports may be requested from time to time. Please indicate if there will be any fees attributable to these items. The City will provide checks for the necessary accounts.

Bill Consolidator

The City currently utilizes a bill consolidator service, in which the bank electronically receives bill payments from those utility billing customers using internet banking or other bill payment services. Please describe the bill consolidation services available.

City of Gahanna, Ohio

Request for Proposal for Banking Services

Automatic Payment

The City is utilizes automatic withdrawal from customer bank accounts for utility billing payments. Please describe your program, electronic file transmission requirements, and related costs to provide this service.

Cancelled Check Safekeeping

Please describe your cancelled check safekeeping to include image recovery for processed checks. The City currently utilizes a CD-ROM based electronic storage solution for this purpose. The City desires to maintain electronic storage. The electronic product must allow for easy retrieval and print capabilities. Please provide a recommended electronic storage solution.

Other Required Information

Designated Account Liaison

The City will require the selected financial institution to designate a senior officer as a liaison. This officer must be capable of coordination of all City activities with the financial institution and be able to resolve any problems or issues that may arise.

Record Retention

The financial institution should maintain records for the City for the term of seven years after the completion of the contract.

Disaster & Back-Up Plans

Describe your financial institution disaster and back-up plans and capabilities. The City must have access to cash, securities and information at all times.

VII. ADDITIONAL BANKING SERVICES

Acceptance of Online Payments

The City is interested in pursuing the technology to permit customers to make payments to the City via internet access. Please describe all controls that would need to be in place, implementation involved, procedures to follow, required software or access, costs involved, and any possible change in service requirements.

Purchasing Cards

The City currently operates a purchasing card program in which key employees (approximately 15) are issued purchase cards to facilitate timely transactions. The City has developed authorization strategies based on job duties to control spending. There are controls in place to limit transaction amounts and daily card activity. Administrators can access accounts online to see employees' balance, credit limit, available credit, and

City of Gahanna, Ohio

Request for Proposal for Banking Services

transactions. Monthly reconciliation is completed manually by cardholders to appropriately charge for each transaction.

The City is interested in pursuing an enhanced full-service online approach in which cardholders monitor and reconcile their monthly purchases online to assign charges to the appropriate General Ledger accounts.

Please describe your purchasing card program, and implementation process.

Check to ACH Conversion

The City currently receives a substantial volume of check payments over-the-counter. There are procedures to convert these payments to ACH presentment that would avoid the City making check deposits to the financial institution. Please describe any service available to the City, and clearly define costs, equipment and implementation procedures.

Automatic Sweep

The City is interested in an automated sweep product for the Operating Account whereby all excess balances will be deposited into the financial institution's "sweep" account. The City desires the use of a managed sweep product where cash is kept outside the bank account until needed versus daily replacement of all cash swept the prior evening. Interest from the sweep will be deposited into the Operating Account.

The proposal should include all options available to municipalities under Ohio statutes. Please include the rates of interest that an automatic investment account (Sweep) and an interest-bearing account are currently earning and their prior 12-month history. In addition, please explain any formulas and calculations related to interest rate determinations. For instance, include any index rates (i.e. Federal Discount Rate) and their effect on the interest calculation. Your explanation should include a guaranteed minimum annual percentage yield.

Employee Benefit Banking

The City would like to provide the employees with information about employee banking services. Please describe any opportunity for employees to receive discounts or benefits by banking with the City's bank.

City of Gahanna, Ohio

Request for Proposal for Banking Services

VIII. PROPOSAL SUBMISSION PROCESS AND DEADLINES

All proposals from interested financial institutions must be received on or before Noon on Friday, September 28, 2012. Proposals received after this date and time shall not be considered and shall be returned unopened providing the entity submitting the proposal is identified on the proposal envelope.

Responses to this RFP must be submitted in a sealed envelope, clearly identified as:

PROPOSAL FOR BANKING SERVICES

Jennifer Teal, Finance Director
City of Gahanna
200 South Hamilton Rd.
Gahanna, OH 43230

One printed and signed unbound original, two copies and one electronic copy in PDF of the proposal must be submitted. This proposal must follow the format described in Section V of this RFP. Supporting material may be submitted.

Proposals shall be time-stamped upon receipt and held in a secure place until the established due date. Proposals will not be opened publicly or disclosed to unauthorized persons, but will be opened in the presence of two or more City officials. A record of proposals will be established, which will include for all proposals: the name of the entity submitting the proposal, a description sufficient to identify the services offered, the names of the City officials present and the date and time the proposals were opened.

All proposals and related reference information submitted in response to this RFP will become the property of the City and will not be returned. Each entity submitting a proposal waives any right of confidentiality as to the proposal documents. If an entity submitting a proposal considers certain material in the proposal proprietary information, it shall clearly designate those portions of the proposal it wishes to remain confidential. As a public entity, the City is subject to making records available for public disclosure. The City will attempt to maintain the confidentiality of material marked proprietary; however, it cannot guarantee that information will not be made public.

- The City reserves the right to (1) accept or reject any and all proposals and to waive any technicalities or irregularities involving any proposal and to cancel the RFP process at any time; (2) partner with separate financial institutions for individual banking services; (4) negotiate terms acceptable to the City with the successful financial institution(s); (5) disregard all nonconforming, non-responsive or conditional proposals; and (6) reject the response of any financial institution which does not submit a proposal to the City's satisfaction.

City of Gahanna, Ohio

Request for Proposal for Banking Services

- During the evaluation process, the City reserves the right to request additional information or clarifications from those financial institutions submitting proposals and to allow corrections of errors and/or omissions.
- Submission of a proposal indicates acceptance by the company submitting the proposal of the terms, conditions and specifications contained in this RFP.
- The City will not pay for any information herein requested, nor is it liable for any costs incurred by those financial institutions submitting proposals. The City reserves the right to select the proposal that will best meet the needs of the City. Proposals that do not meet the stated requirements will be considered in non-compliance and will be disqualified unless the City waives such non-compliance.
- Appendices A and B – Account analysis statements and merchant services billing statements are included in this RFP to provide details of the City’s current transaction quantities and types. Submissions should use these sample counts as their basis of estimate in Exhibit A.
- No proposal may be withdrawn for a period of thirty (30) days from the date set for the opening thereof.
- By submission of a proposal, each entity submitting a proposal certifies that:
 - It has not paid nor agreed to pay any person, other than a bona fide employee, a fee or a brokerage fee resulting from the award of the contract.
 - The City may, by written notice to the entity submitting the proposal, reject the RFP or cancel any award under this RFP if it is found by the City that gratuities, in the form of entertainment, gifts or otherwise were offered or given to any representative of the City with a view toward securing an order or other favorable treatment with respect to this RFP, or the entity submitting the proposal participated in collusion with another entity to restrain or eliminate competition.

Financial institutions whose proposals meet the requirements of this RFP may be interviewed. We request that both the designated account liaison *and* a representative from your information technology department be present during this interview.

IX. EVALUATION CRITERIA

The total monthly service charge fees will **not** be the sole determining factor in designating the financial institution. The criteria for evaluating the proposals will be based upon a combination of factors listed below and are not listed in any order of importance:

- **Comprehensiveness of Services Provided:** Overall capabilities of the financial institution to meet the required banking services described in this RFP.

City of Gahanna, Ohio

Request for Proposal for Banking Services

- **Service Enhancements:** The financial institution's efforts to understand our banking needs and goals, and the creativity the financial institution shows in introducing new technologies and efficiencies to improve our current practices and procedures.
- **Public Sector Experience and Resources:** The financial institution's experience in providing services to the public sector, as well as dedicated resources and personnel.
- **Strength and Stability of the Financial Institution:** The financial institution's financial standing among its peers and the associated credit quality ratings.
- **Charges for Services:** The amount of proposed charges and pricing increases in subsequent years.
- **Cost of Transition:** The total cost of changing financial institutions.
- **Assigned Relationship Manager/Team:** The experience, expertise and qualifications of the key financial institution personnel assigned to our relationship.
- **Interview Results:** The quality of the in-person interview with the City's selection committee, performed only at the discretion of the City.
- **Responses to Reference Checks**
- **Other Factors:** Any other factors that we believe would be in our best interest to consider which were not previously described.

The City reserves the right to utilize other appropriate selection and evaluation criteria, as it considers necessary.

ADDENDUM-1

INVESTMENT POLICY STATEMENT

I. Purpose:

The purpose of this document is to establish the parameters and structures of the investment program for the City of Gahanna, Ohio under the Charter of the City of Gahanna and State of Ohio Revised Code (ORC 135, Section 14).

II. Authority:

The City of Gahanna has established an investment program under the authority provided by the Charter of the City of Gahanna, Ohio and directs the investment authority to reside with the Director of Finance (Director).

III. Investment Objectives:

The objectives of this investment program are:

1. To invest all public funds in a manner which will provide maximum safety and preservation of principal, while meeting all liquidity and operating demands, at reasonable market interest rates available.
2. To invest all moneys in accordance with the guidelines of ORC 135.14, with priorities being safety, liquidity and yield, in that order.
3. Primary objectives are the preservation of capital and the protection of investment principal.
4. To limit market risk and ensure reliable return on investments through diversification and management of securities held in the investment portfolio.
5. To safeguard repurchase agreement transactions so as to avoid all security risk and to limit and track the market risk.
6. To ensure that all entities conducting business with the investing authority comprehend ORC 135 and this investment policy.
7. To ensure that the portfolio remains sufficiently liquid to enable the investing authority to meet operating requirements which might be reasonably anticipated.
8. The portfolio is not for speculation and will not be leveraged under any circumstances.

City of Gahanna, Ohio

Request for Proposal for Banking Services

9. Bank account relationships will be managed in order to secure adequate services while minimizing costs. Deposits should be concentrated into single accounts except where audit control considerations dictate otherwise.

IV. Investment Principles:

These funds shall be invested with skill, care and prudence, taking into account required liquidity and the prevailing circumstances that a prudent man acting in a like capacity and familiar with such matters would use in the investment of a fund of like character and objectives. The investment portfolio shall be diversified to minimize the risk of large losses, unless circumstances at any given point in time indicate that diversification is clearly imprudent. All assets are to be fully invested at all times, including idle cash in overnight short term instruments.

V. Investment Goals:

The investment goals for this investment program are to achieve a minimum rate of return equal to the return from the 3 Month Treasury Bill Index and/or a 2% per year return premium to the Consumer Price Index over rolling three to five year periods.

VI. Marketability of Assets:

All securities held in the portfolio shall have ready liquidity, meaning that any issue must have established daily trading activity in excess of the units of the security held in the portfolio. In addition, no security shall be held in the portfolio for which there is not a daily, liquid market.

VII. Maturity Guidelines:

To the extent possible, the Director will attempt to match investment with anticipated cash flow requirements to take best advantage of prevailing economic and market conditions. The maximum maturity of any eligible investment is five years from the settlement date, as provided in ORC 135.14, unless the investment is matched to a specified obligation or debt of the subdivision. Any investment made must be purchased with a reasonable expectation of being held to maturity.

VIII. Investment Guidelines:

The Director may invest in any instrument or security authorized in ORC 135.14, as amended. Permissible investments include:

1. United States Treasury
 - Bills
 - Notes
 - Bonds
 - Other obligations or securities issued by the U. S. Treasury
 - Other obligations guaranteed as to principal and interest by the United States

City of Gahanna, Ohio

Request for Proposal for Banking Services

- Stripped principal or interest obligations of such eligible securities are strictly prohibited
2. Federal Government Agencies or Instrumentalities
 - Bonds
 - Notes
 - Debentures
 - Other Obligations, including but not limited to
 - Federal National Mortgage Association
 - Federal Home Loan Bank
 - Federal Farm Credit Bank
 - Federal Home Loan Mortgage Corporation
 - Government National Mortgage Corporation
 - Student Loan Marketing Association
- All Federal agency or instrumentality securities must be direct issuances of the federal agency or instrumentality.
3. STAR Ohio is an eligible investment, providing that the fund maintains the highest letter rating provided by at least one nationally recognized rating service, as outlined in ORC 135.45.
 4. Bonds and obligations of the State of Ohio.
 5. Interim Deposits (such as Certificate of Deposit) in the eligible institutions applying for interim moneys, as provided in ORC 135.08.
 6. No Load Money Market Funds consisting exclusively of obligations complying with provisions of this Investment Guidelines section and expressly excluding derivatives in accordance with ORC 135.14.
 7. Written repurchase agreements (repos) with any eligible public depository mentioned in ORC 135.03, or with any dealer who is a member of the NASD. The market value of the subject securities held as collateral for an overnight repo (including sweep accounts) or term repo, must exceed the principal by at least 2% and the securities must be marked to market daily. Term repurchase agreements may not exceed 30 days. Any repurchase agreement with an eligible securities dealer must be transacted on a delivery versus payment basis. All securities purchased pursuant to a repurchase agreement must be delivered into the custody of the Director or an agent designated by the Director. Such institution or dealer must agree in writing to unconditionally repurchase any of the securities used for any repo transaction.

City of Gahanna, Ohio

Request for Proposal for Banking Services

8. Reverse repurchase agreements are strictly prohibited.

IX. Additional:

Senior, secured, floating-rate loans by U.S. banks and other financial institutions for the current income consistent with capital preservation such as Eaton Vance Prime Rate Reserves.

X. Collateral:

All deposits shall be collateralized pursuant to ORC Chapter 135.

XI. Derivative Investments:

Investments in derivatives are strictly prohibited. A derivative is defined in ORC 135 as a financial instrument or contract or obligation whose value is based upon or linked to another asset or index or both, separate from the financial instrument, contract, or obligation itself. However, any eligible investment with a variable interest rate payment based upon a single interest payment or single index comprised of other investments consisting of US government or federal agency or instrumentality obligations is not considered a derivative if it matures in two years or less.

XII. Pooling:

The pooling of funds by subdivisions is prohibited, except as provided in ORC 715.02 or Sec. IV Article XVIII of the Ohio Constitution, and STAR Ohio.

XIII. Eligible Institutions

Any financial institution located within the State of Ohio as defined by ORC 135.03 is eligible to serve as an approved depository and/or investment banker. Only securities dealers and brokers that are members of the National Association of Securities Dealers (NASD) are eligible to be an investment provider. Investment advisors must be an eligible financial institution as defined by ORC 135.03, or an advisor that is registered with the Securities and Exchange Commission.

XIV. Acknowledgements

All brokers, dealers, and financial institutions initiating transactions with the Director by giving advice or making investment recommendations must sign investment policy thereby acknowledging their agreement to abide by the policy.

All brokers, dealers, and financial institutions executing transactions initiated by the Director must sign the investment policy acknowledging their comprehension and receipt of the policy.

City of Gahanna, Ohio

Request for Proposal for Banking Services

XV. Reporting

The director shall establish and maintain an inventory of all obligations and securities acquired by the investing authority. The inventory shall include the description of the security, type, cost, par value, maturity date, settlement date, and coupon rate. The Director shall produce a monthly portfolio report detailing the current inventory or all obligations and securities, and all transactions during the month, income received and investment expenses paid.

Date Adopted: 12-22-1998

Director of Finance

Date of Acknowledgment: _____

Name of Financial Institution

Authorized Officer

ADDENDUM-2

SAMPLE INCUMBENT ACCOUNT ANALYSIS STATEMENT

ADDENDUM-3

SAMPLE MERCHANT SERVICES SUMMARY STATEMENT